

Consumer Pulse Study

Consumer behaviours and attitudes about current and future household budgets, spending and debt

Hong Kong Q2 2023

TransUnion's quarterly survey explores how consumers' personal finances have changed and what changes they expect in the future. The study measures shifting consumer attitudes and behaviours based on the dynamics of income, debt and identity theft. The analyses and insights give consumers a voice and inform businesses' decision-making as they seek to create economic opportunity for consumers.

KEY TAKEAWAYS

In the first quarter of 2023, the economy improved visibly with GDP growth rate of 2.7% – driven by a strong recovery of inbound tourism and domestic demand. Private consumption expenditure surged by 13% year over year, and labour market conditions improved with the unemployment rate down to 3.1% in Q1 2023. Annual GDP growth for 2023 is projected to be between 3.5% and 5.5%, and likely near the higher end of the forecast range.¹



The most recent survey found consumer sentiment improved significantly in the context of positive economic conditions. Overall, 46% of respondents reported better than planned household finances, a 20-percentage point jump from Q1 2023. Meanwhile, 42% of respondents reported higher incomes in the past three months, an impressive increase of 19 percentage points from the previous quarter.



A lot more consumers reported optimism about their future household finances in Q2. While 62% of respondents reported being optimistic (up significantly from 34% in Q1), respondents holding pessimistic views decreased to 14% from 27%. Increased optimism was reported across all generations.



As a result of strong consumer confidence, the percentage of respondents who said they would increase discretionary spending (e.g., eating out, travel, entertainment) in the next three months grew to 30% in this quarter from 25% in Q1.



Better economic conditions and slowing inflation resulted in a decrease in number of respondents who were concerned about inflation. Instead, more consumers ranked stock market volatility and rising interest rates as their top three concerns. While respondents concerned about stock market volatility went up from 30% in Q1 to 37% in Q2, those who ranked rising interest rates as their top three concerns increased from 30% in Q1 to 35% in Q2.

¹ <https://www.info.gov.hk/gia/general/202305/12/P2023051200392.htm>

Household income (HHI), spending and bill payment impact

Household finances improved significantly as 46% of respondents reported better than planned finances, up from 26% in Q1 – the highest since the onset of the pandemic.

The vast majority (91%) of respondents said their incomes either increased or stayed the same in the last three months, higher than the 80% in the previous quarter. Furthermore, 42% actually reported higher incomes in the past three months, representing a 19-percentage point increase from the previous period. In addition, half of the respondents expected higher income over the next 12 months, increasing 16 percentage points from the previous quarter (34%).

When asked about consumer confidence regarding household finances, the majority (62%) of respondents reported being optimistic, up significantly from 34% in Q1. The improved sentiment reflects the positive economic and employment situations for consumers.

As a result of strong consumer confidence, the percentage of respondents who reported they “cut back on discretionary spending (e.g., eating out, travel, entertainment)” in the past few months was down 10 percentage points from 42% in Q1 to 32% in Q2. On the other hand, consumers reported spending increases across categories like digital services (eight percentage points) and subscriptions or memberships (seven percentage points) over Q1.

Furthermore, 30% of respondents expected to spend more on discretionary items in the next three months compared to 25% in the previous period. Such increases were seen across all major categories, including large purchases, digital services, retirement funds/investing, and in-store and online shopping.

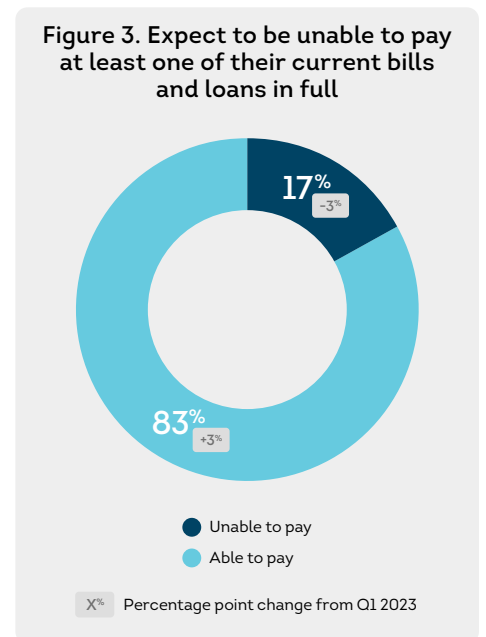
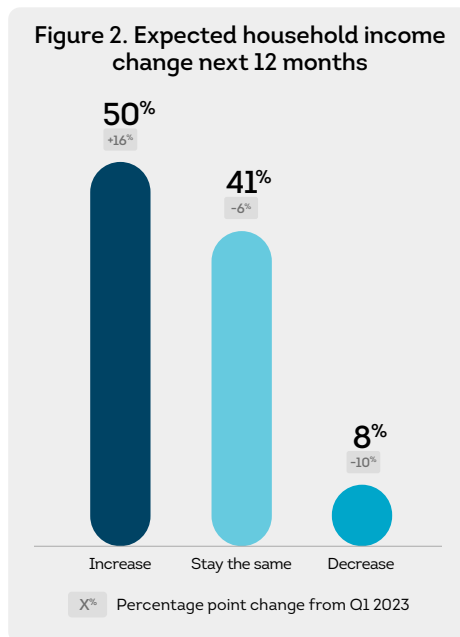
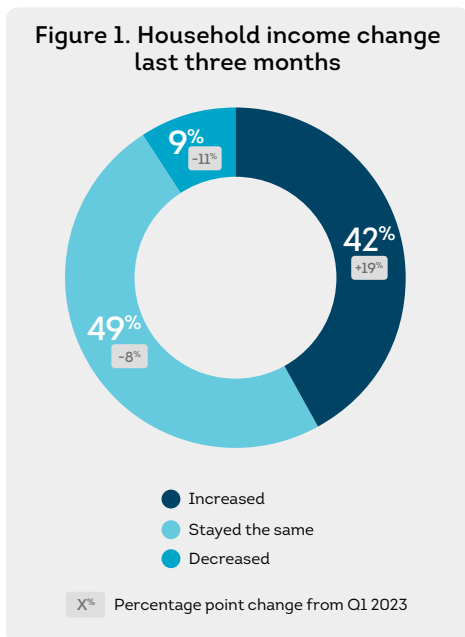
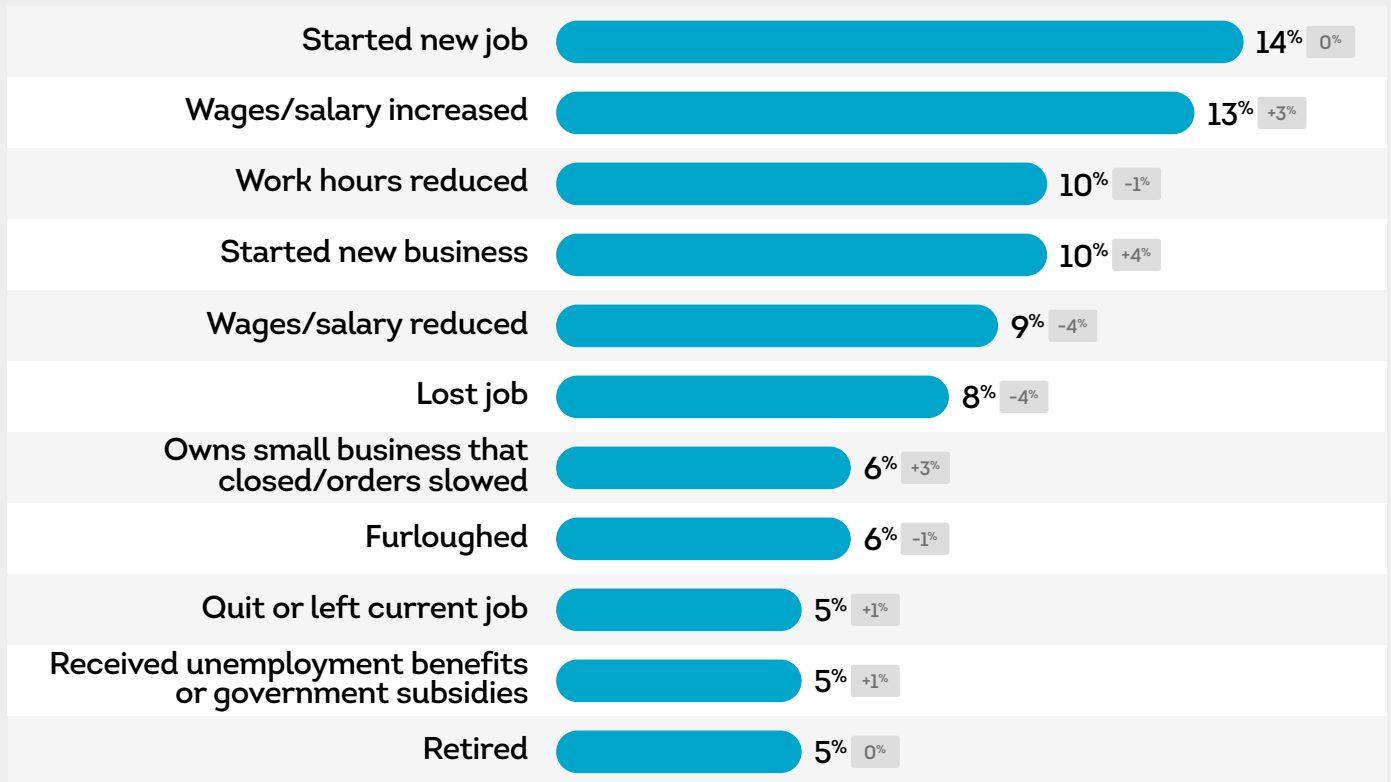
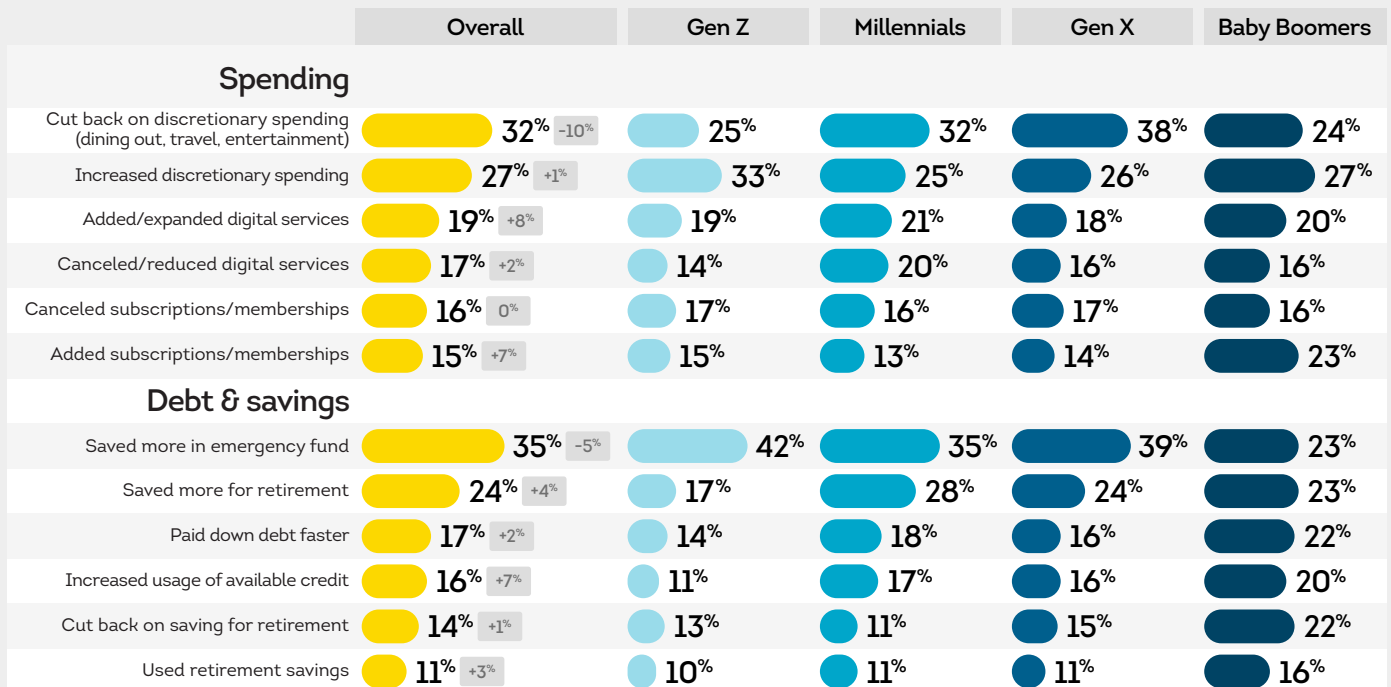


Figure 4. Reasons for change in current household income in past month



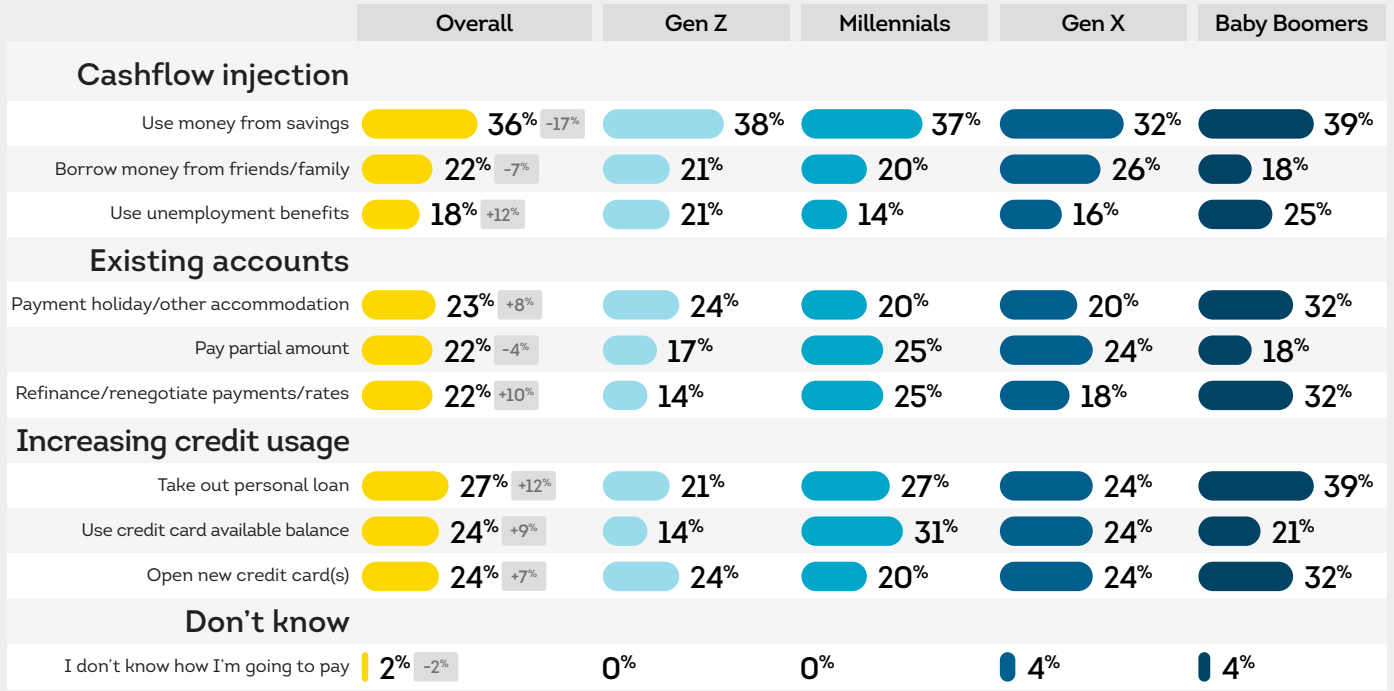
X* Percentage point change from Q1 2023

Figure 5. Changes to household budget in the last three months



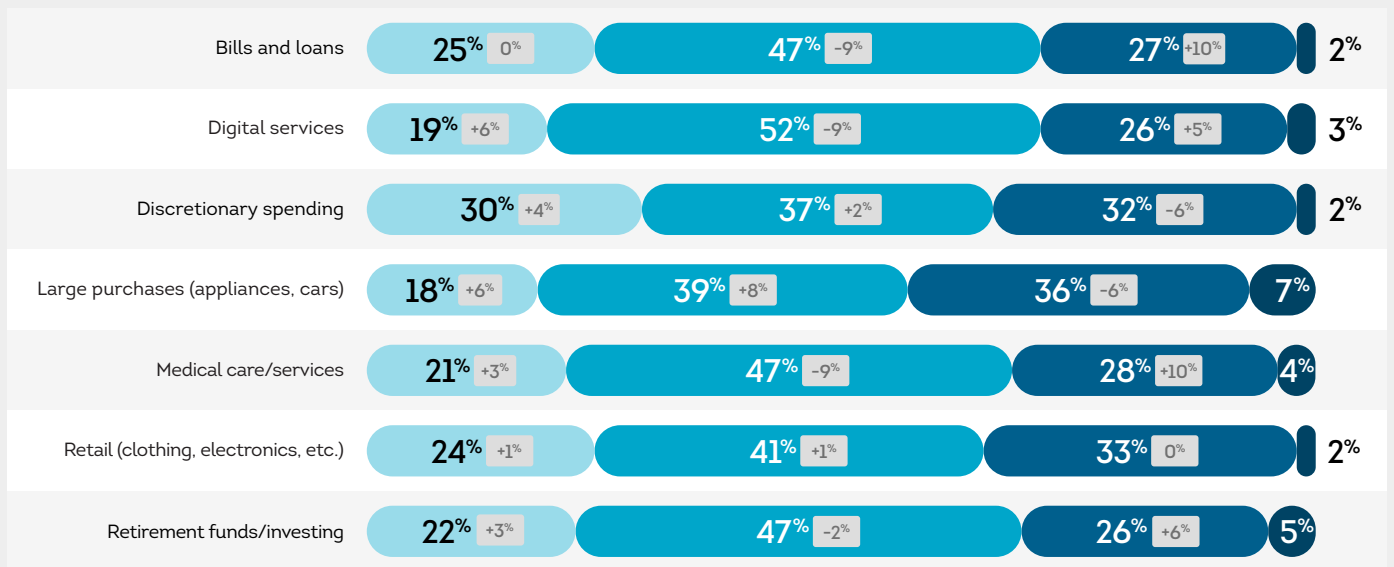
X* Percentage point change from Q1 2023

Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)



X* Percentage point change from Q1 2023

Figure 7. Expected change to household spending over next three months



X* Percentage point change from Q1 2023 ● Increase ● Stay the same ● Decrease ● Not applicable

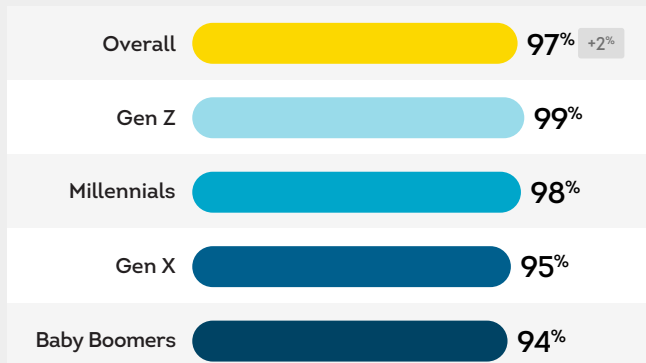
Attitudes and plans for economic participation

With improved consumer confidence as a backdrop, half of respondents believed access to credit products was extremely or very important, representing a 12-percentage point increase from the previous quarter. The percentage of Gen Z consumers who valued such importance reached a multi-quarter high of 55%, up by five percentage points from the previous period.

Although the percentage of consumers who said they had sufficient access to credit increased to 54% in Q2 from 39% in Q1, fewer Gen Z consumers felt the same way (42% in Q2 vs. 48% in Q1).

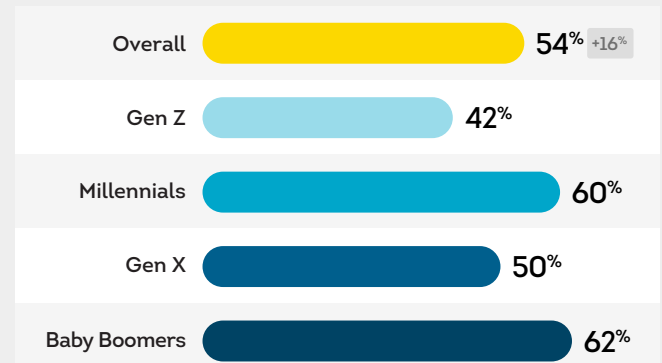
Interest in mortgage and auto loan products rose. Consumers interested in auto loans jumped to 29% in Q2 from 14% in Q1, a large increase of 15 percentage points. Similarly, 29% of respondents said they were interested in applying for or refinancing mortgage loans, up from 25% reported in the previous period. There was also a nine-percentage point decrease (44%, down from 53%) of respondents who intended to apply for a credit card.

Figure 8. Believe important to have access to credit and lending products to achieve financial goals



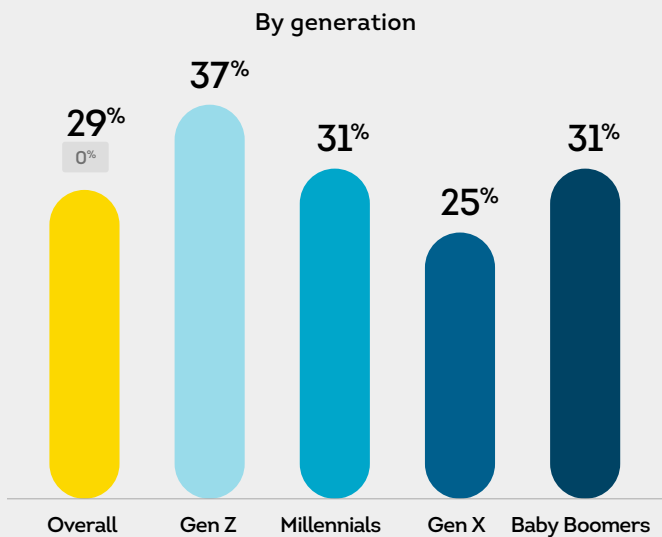
X* Percentage point change from Q1 2023

Figure 9. Believe have sufficient access to credit and lending products



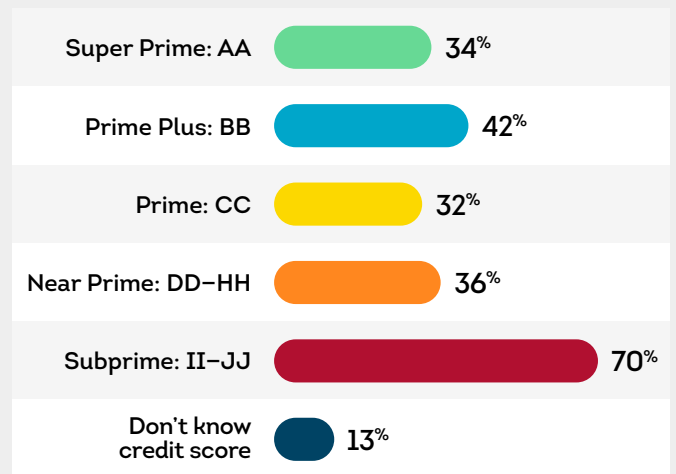
X* Percentage point change from Q1 2023

Figure 10. Plan to apply for new credit or refinance existing credit within the next year



X* Percentage point change from Q1 2023

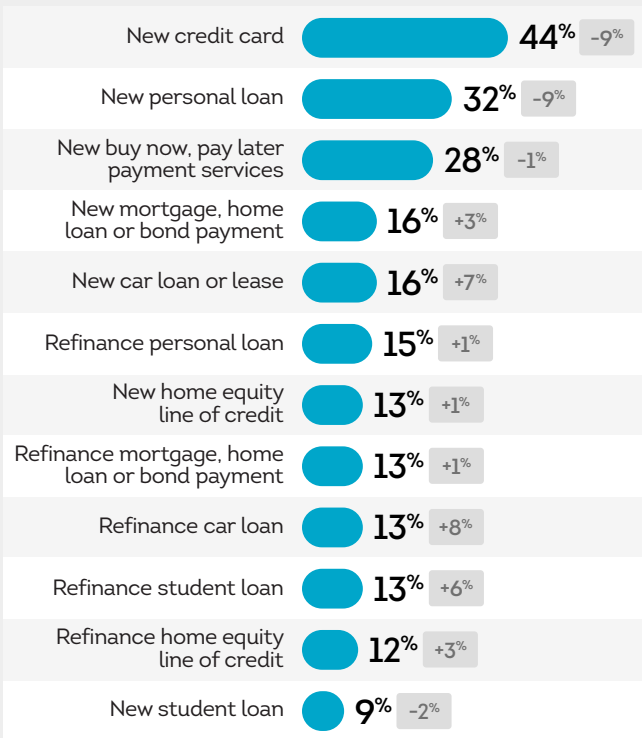
By credit score



Self-reported credit score ranges

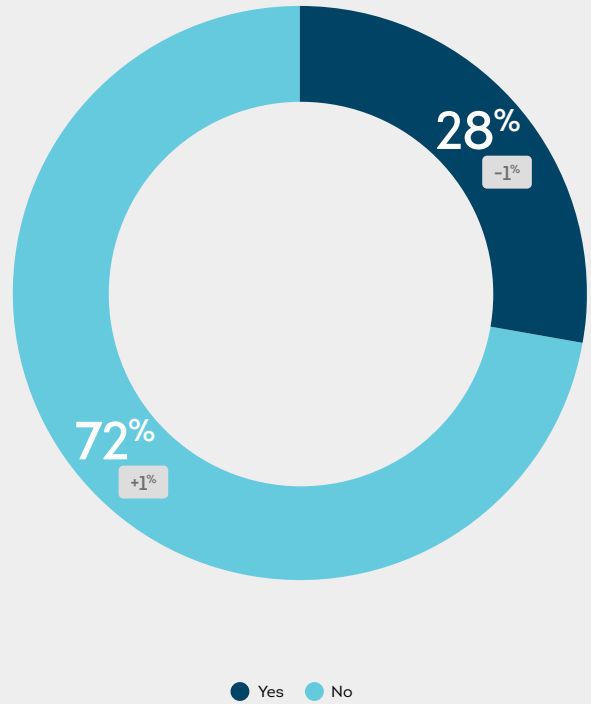
Figure 11. Type of new credit and loan activity planned in next 12 months

(among those who plan to apply for new or refinance existing credit)



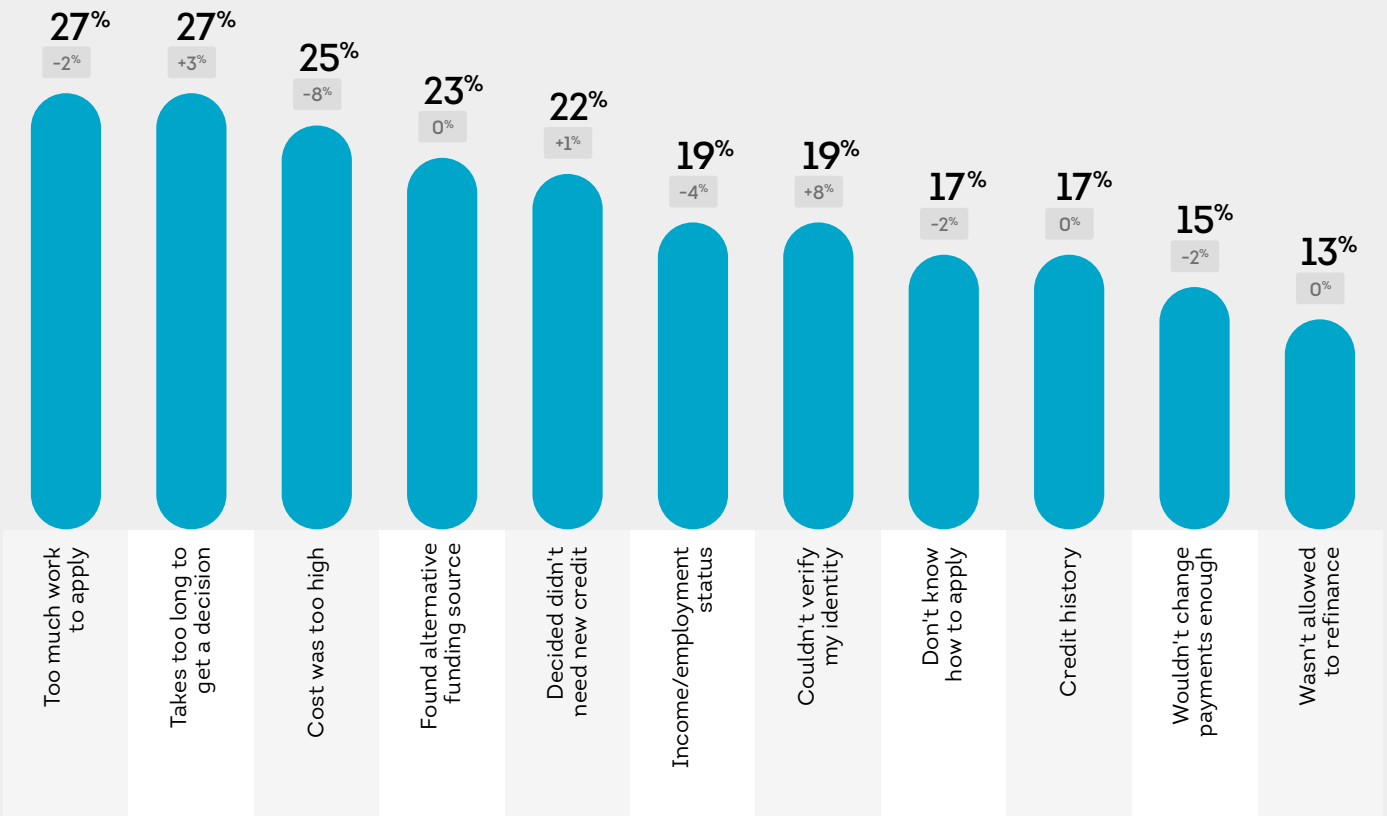
X* Percentage point change from Q1 2023

Figure 12. Abandoned plan to apply for new credit or refinance



X* Percentage point change from Q1 2023

Figure 13. Reasons for abandoning application for new credit or refinance



X* Percentage point change from Q1 2023

CONSUMER EMPOWERMENT

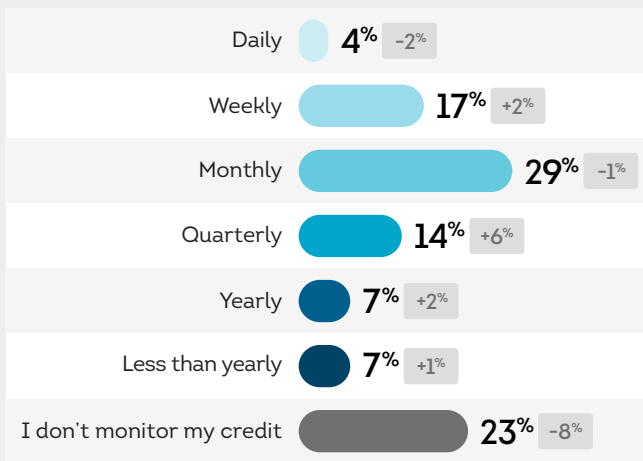
Attitudes and behaviour to manage financial choices

Of all, 97% of respondents recognized the importance of monitoring their credit reports, with 49% of respondents monitoring their credit reports at least monthly.

Transacting online is well entrenched among Hong Kong consumers. Overall, 88% of respondents utilized online transactions; younger consumers (Gen Z and Millennials) used such services the most at 89% and 90%, respectively.

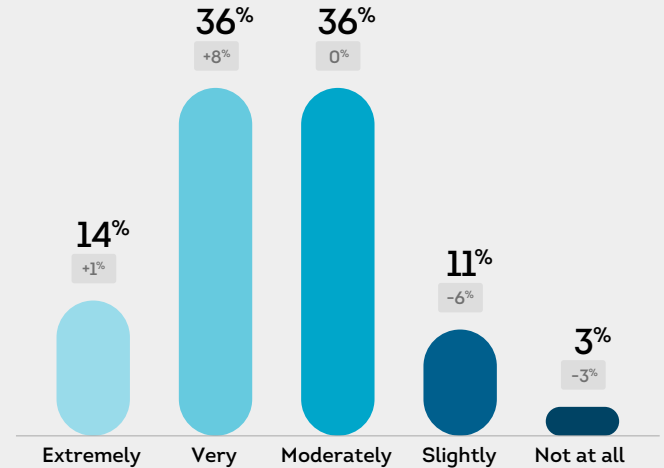
Overall, 66% of respondents said they used buy now, pay later (BNPL) services at least once in the past year, representing a huge increase of 13 percentage points from the previous quarter. Not surprisingly, the majority (65%) of respondents said they used the service on their phones or mobile devices, an increase of five percentage points from the previous survey period. When using the service, more respondents used a debit card or bank account to make their BNPL payments (46% in Q2 vs. 25% in Q1).

Figure 14. Credit monitoring frequency



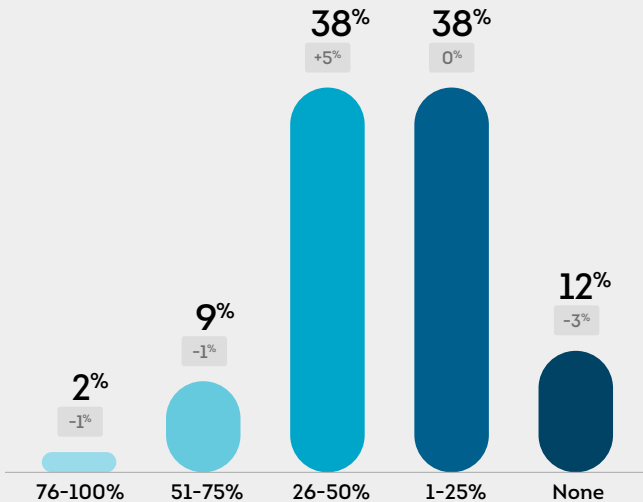
X% Percentage point change from Q1 2023

Figure 15. Believe monitoring credit is important



X% Percentage point change from Q1 2023

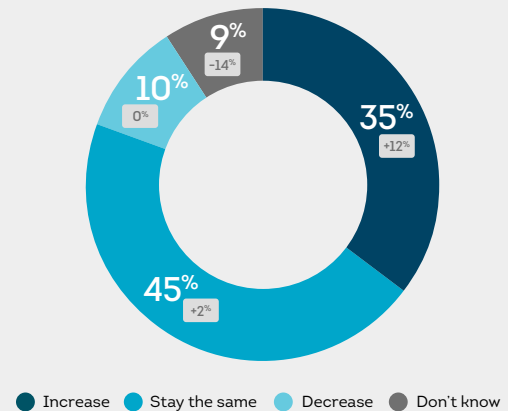
Figure 16. Percentage of transactions done online



X% Percentage point change from Q1 2023

Figure 17. How believe credit score would change if businesses used information not on standard credit report

Examples provided of non-standard information include: rental payments, short-term loan history and buy now, pay later loans



X% Percentage point change from Q1 2023

Identity risks and usage

Overall, 40% of respondents were targeted by a fraud scheme, of which 4% said they became a victim – a decrease of three percentage points.

Among those who had been targeted, common fraud schemes experienced included:

- Money mule scam (solicited transfer or move illegally acquired money on behalf of someone else); up from 11% in Q1 to 18% in Q2.
- Identity theft (personal information like name, address, phone number or social security number was stolen in a company’s data breach); 16%, up four percentage points from Q1.
- Third-party seller scams on legitimate online retail websites; 18%, up three percentage points from Q1.

The majority (61%) of Hong Kong consumers were concerned about sharing their personal information. Their reasons for concern included identity theft (57%), invasion of privacy (54%), and receiving unsolicited marketing (39%). However, 52% of respondents were willing to share personal information when it meant saving money, up from 37% in the previous quarter.

Figure 18. Personal experience with online, email, phone call or text message fraud attempts in last three months

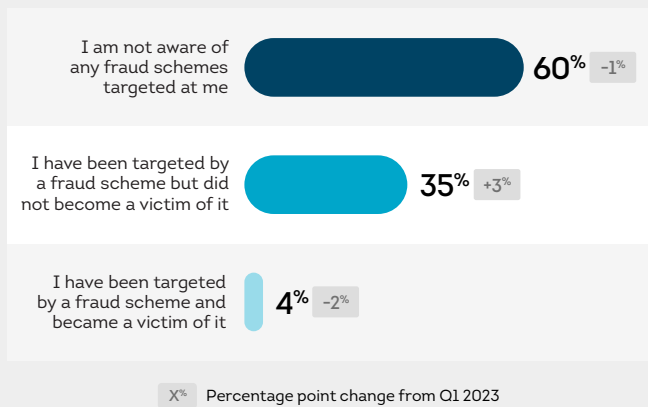


Figure 19. Most frequent fraud schemes targeting consumers

(among those targeted with online, email, phone call or text message fraud)

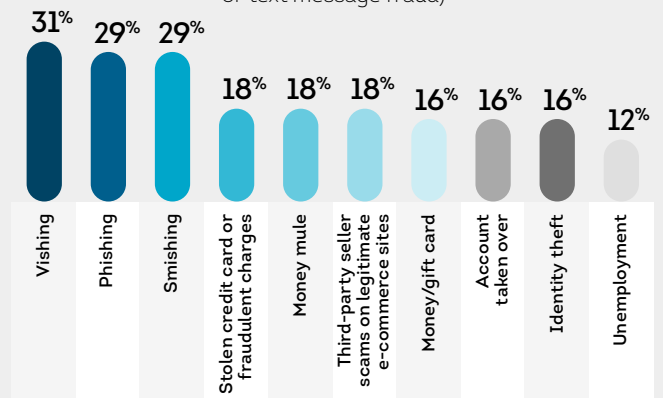


Figure 20. Concern with sharing personal information

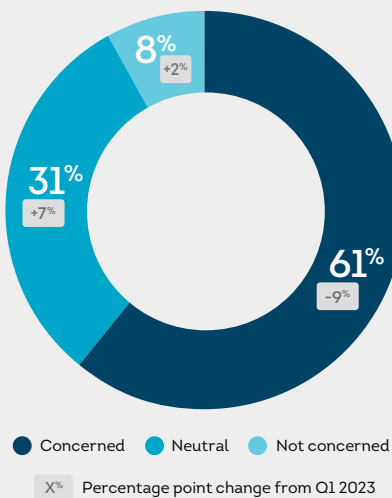
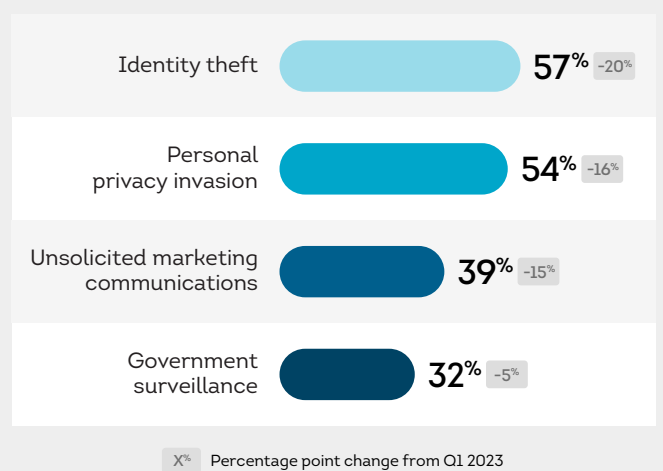


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 910 adults was conducted May 4-17, 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Hong Kong were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English and Chinese. To increase representativeness across resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. Generations are defined as follows: Gen Z, born 1995-2004; Millennials, born 1980-1994; Gen X, born 1965-1979; and Baby Boomers, born 1944-1964. These research results are unweighted and statistically significant at a 95% confidence level within ± 3.25 percentage points based on a calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

For previous Consumer Pulse Studies, visit
transunion.hk/consumer-pulse-study.

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